

WASHINGTON, DC – Congresswoman Gwen Moore yesterday introduced a bill, H.R. 1231 Foreclosure Rescue Fraud Act of 2009, which will combat many of the financial scams that have victimized countless Americans facing foreclosure. The measure seeks to ensure that struggling homeowners do not fall prey to unscrupulous foreclosure rescue consultants.

“Sadly, millions of Americans have either lost their home or may very well lose their home to foreclosure before this current economic crisis is over,” said Congresswoman Gwen Moore. “This bill will help ensure struggling homeowners seeking help to stay in their homes, are not scammed out of their homes by fraudulent foreclosure rescue consultants. There is nothing more tragic than losing your home, especially because of a scammer’s criminal behavior”

As foreclosures reach record levels, many families seek mortgage relief from foreclosure rescue consultants who offer to help during their time of need. Though there are consultants who legitimately provide help, some dishonest foreclosure rescue consultants have taken advantage of the desperation of struggling homeowners to scam them. Countless unsuspecting homeowners, desperate for help, will sign a series of complicated contracts which will often give the scam artist title to the house. Many homeowners are put in rent-to-own situations which are set up to fail, making monthly payments to the scammer who claims to be making mortgage payments on behalf of the homeowner. Instead, the scam artist will pocket the money, sell the house to a third party and eventually the homeowner/tenants will be removed from the property.

Numerous lawyers are finding current law is unable to combat the fraudulent activities of many scammers because of the complexity of some scams. Various states are creating anti-scamming laws but the lack of uniformity across the country makes it nearly impossible to prosecute a scammer once they have moved to another state.

Rep. Moore’s law will create a federal minimum standard which --while not superseding any stronger state laws-- will create a series of disclosures and contractual requirements that a foreclosure rescue consultant will have to meet in order to help a homeowner. In addition, the measure will prevent a consultant from obtaining the power of attorney from a homeowner, requires any consideration from a third party to be fully disclosed, provides a three-day right to cancel the contract before it becomes enforceable, and allows states’ attorneys general to bring suit against a scammer with notification to the Federal Trade Commission.

“We must do everything we possibly can to end the victimization of those most in need,” said Rep. Moore. “By fighting foreclosure rescue fraud it will give more assurance to those in our community looking for real help to stay in their homes. There are far too many neighbors losing their homes to the current economic crisis and we cannot allow families looking for legitimate help to lose their homes by falling prey to a scammer’s criminal actions.”

Senators Kohl introduced S. 2888, a Senate companion bill to Congresswoman Moore’s measure.

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